

A third of iPhone output to be India-made

Apple aims to assemble 32% of iPhone's global production volume and 26% of its value in India by FY27

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Apple and its vendors are aiming to assemble 32 per cent of iPhone's global production volume and 26 per cent of its value in India by 2026-27 — a year after the final year of the five-year production-linked incentive (PLI) scheme for mobile devices.

This could translate into a production value of over \$34 billion, assuming global iPhone sales remain consistent with 2023-24 (FY24) levels.

The estimates are based on discussions between Apple Inc and its vendors, along with central and state governments, regarding the assembly of products in India, according to sources. A query to an Apple Inc spokesperson did not receive a response. For the first half of 2024-25 (FY25), Apple's vendors estimate a freight-on-board (FOB) production value of \$9 billion. By the end of the financial year, it is projected that India



will account for 17-18 per cent of global iPhone production volume and 14 per cent in terms of value.

In FY24, only 12-14 per cent of the global iPhone production volume shifted to India, with the value accounting for over 10 per cent.

Based on vendor planning, the company is expected to close FY25 with a production value of \$18 billion (market value around \$27 billion). The market value of iPhones includes sales, distribution expenses, and dealer margins, while FOB represents

the value during shipping.

In FY24, the production value of iPhones from India stood at \$14 billion.

The shift of iPhone production from China is big for India, as the phones account for 51 per cent of Apple Inc's total global revenue in the financial year ending September 30, 2024, which totalled \$391 billion.

iPhone global revenues, at \$201 billion, are 21 per cent higher than Tata group's total revenue of \$165 billion and 67 per cent higher than Reliance Industries' revenue of \$119 billion for

▶ iPhone production value expected to hit \$18 billion in FY25, up from \$14 billion in FY24

▶ India projected to account for 17-18% of global iPhone production volume in FY25

▶ With the iPhone 16 Pro series being assembled in India, it will give big push to value share in the next two years

Apple had initially committed to shifting only 10 per cent of its production to India by the fifth year of the PLI scheme. However, it has already exceeded that figure in the third year of the scheme.

The situation could change further if US President-elect Donald Trump imposes higher tariffs on mobile devices (currently 15 per cent), particularly with regards to China, with which the US is in a trade war. Trump has discussed the possibility of punitive tariffs up to 60 per cent, which could benefit India, Vietnam, and other Southeast Asian countries.

Of course, Apple's vendor targets could change if the government does not find further ways to bridge the cost disability of India with China and Vietnam by reducing tariff rates on components used in mobile devices, easing labour laws and improving logistics. Moreover, the challenge of meeting value-addition targets of 35-40 per cent by the end of the PLI scheme could complicate matters.